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FISCAL AND POLICY NOTE
First Reader

House Bill 1313 (Delegate Embry, *et al.*)

Appropriations and Government, Labor,
and Elections

Higher Education - Tuition Exemption - Incarcerated Individuals

This bill creates a tuition exemption for incarcerated individuals at public institutions of higher education in the State, regardless of the incarcerated individual's receipt of any scholarship or grant. Even so, to receive the exemption, an incarcerated individual must submit a timely application for any State or federal student financial aid, other than a student loan, for which the incarcerated individual may qualify. Any student financial aid, other than a loan, received by the incarcerated individual must be applied first to pay the incarcerated individual's tuition; thus, the tuition exemption must only apply to the difference, if any, between the charge for tuition and the financial aid award an incarcerated individual receives. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Higher education tuition revenues decrease by an indeterminate, but potentially significant, amount to the extent additional tuition exemptions are granted for incarcerated individuals beginning in FY 2027. Higher education expenditures increase annually by an indeterminate, but potentially significant, amount to the extent additional individuals enroll in education programs offered to incarcerated individuals. To the extent the bill encourages additional incarcerated individuals to apply for and receive State student financial aid, general fund student financial assistance expenditures may increase.

Local Effect: Tuition revenues at community colleges decrease by an indeterminate, but potentially significant, amount to the extent additional tuition exemptions are granted for incarcerated individuals beginning in FY 2027. Community college expenditures increase annually by an indeterminate, but potentially significant, amount to the extent additional individuals enroll in education programs offered to incarcerated individuals. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law:

The Correctional Services Article defines incarcerated individual as an individual who is actually or constructively detained or confined in a correctional facility.

Resources and Education for All Prisons Act

Under Chapters 943 and 944 of 2024, the Department of Public Safety and Correctional Services (DPSCS) must (1) set goals for the number of incarcerated individuals in postsecondary education programs; (2) establish a tracking system for the number of incarcerated individuals in postsecondary education programs; (3) establish a tracking system for the progress of incarcerated individuals in postsecondary education programs, as specified; (4) forward specified data to the Maryland Higher Education Commission (MHEC); and (5) assist incarcerated individuals in accessing federal Pell Grants for higher education. In order to assist incarcerated individuals (including those in local correctional facilities) in accessing federal Pell Grants, DPSCS must consult with institutions of higher education, including all University System of Maryland (USM) institutions, Morgan State University (MSU), Anne Arundel Community College, Hagerstown Community College, Wor-Wic Community College, and Goucher College.

Pell Grants

The federal Pell Grant Program, authorized by Title IV of the Higher Education Act of 1965, as amended, is the single largest source of federal grant aid supporting postsecondary education students. Federal Pell Grants usually are awarded only to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate, or professional degree. Awards are based solely on financial need, which is determined by an institution's cost of attendance, the student's expected family contribution, and a student's enrollment status (full-time or part-time). The maximum federal Pell Grant award is \$7,395 for the 2026-2027 award year (July 1, 2026, to June 30, 2027).

To continue receiving a Pell Grant, a student must (1) maintain [basic eligibility criteria](#) for financial aid; (2) fill out the free application for federal student aid (FAFSA) annually; (3) make satisfactory academic progress for financial aid as determined by the institution; and (4) maintain enrollment in an eligible course of study. A student may receive a Pell Grant for 12 terms.

Second Chance Pell Program

From 1994 until June 30, 2023, incarcerated individuals were generally not eligible to receive federal Pell Grants since the enactment of the Violent Crime Control and Law Enforcement Act of 1994. During this restriction, beginning in the 2016-2017 school year, the Second Chance Pell Program allowed a limited number of incarcerated individuals to receive Pell Grants. However, as of July 1, 2023, the FAFSA Simplification Act officially restored Pell Grant eligibility for confined or incarcerated individuals, provided they are enrolled in an approved Prison Education Program.

Incarcerated individuals in DPSCS facilities who have earned a GED or high school diploma are given an extended opportunity to access support for postsecondary education through the Second Chance Pell Program, overseen by DPSCS. The program allows incarcerated individuals to receive federal funding to enroll in postsecondary programs offered by local colleges and universities or distance learning providers. Maryland has several higher education institutions providing services to the incarcerated population and is working on expanding the Second Chance Pell Program throughout the State. Both Bowie State University and the University of Maryland Eastern Shore were selected to participate in the federal Second Chance Pell experiment expansions in 2020. Anne Arundel Community College, Wor-Wic Community College, the University of Baltimore, and Goucher College in Maryland were among the sites initially participating in the Second Chance Pell Program in 2016.

Another postsecondary program, the Goucher College Prison Education Partnership, offers college courses to individuals at certain DPSCS facilities, and approximately 130 students enroll each year with Goucher College; over the years, students have pursued nearly 200 classes.

Inmate Job Training Pilot Program

Chapter 677 of 2021 established the Inmate Training and Job Pilot Program to provide educational and vocational training opportunities for incarcerated individuals in the 12 months preceding their release. Chapter 677 established pilot programs at certain USM institutions (Bowie State University, Coppin State University, and the University of Maryland Eastern Shore) and MSU. Additionally, MHEC is authorized to establish additional pilot programs at other institutions of postsecondary education through a memorandum of understanding. MHEC and each participating institution must administer the program in cooperation with the Division of Correction (DOC) within DPSCS. The Inmate Training and Job Pilot Program terminates June 30, 2028.

Each pilot program must have an individualized plan for success that specifies a staff member at the institution who serves as the primary contact responsible for each

incarcerated individual's participation and education in the program. The primary contact must meet with participating incarcerated individuals regularly throughout their participation in the pilot program and ensure the incarcerated individuals are enrolled in appropriate courses that work with the incarcerated individuals' schedules. Courses must be credit bearing and lead to a degree or an industry-recognized certificate or license. All courses are subject to regulations adopted by the Commissioner of Correction at DPSCS.

The primary contact must also select at least three student mentors who are (1) at least age 18; (2) enrolled in the institution of postsecondary education; and (3) enrolled as a junior or senior if the pilot program is located at a four-year institution. Student mentor participants must receive course credit and a small stipend from the pilot program.

Additional Program Requirements: MHEC must establish a hotline to connect program participants to counseling and job services. If participants desire such aid, MHEC must facilitate contact between each program participant and a nonprofit organization in the community where the participant plans to reside (after release) whose mission includes aid with job placement, housing services, or counseling services. Also, MHEC must encourage former program participants to serve as contacts for future participants.

MHEC, DOC, and the applicable institutions of postsecondary education must determine a suitable format for incarcerated individuals to take courses, whether virtual or nonvirtual. DOC must ensure that courses and instruction are provided in a suitable manner and create a safe and reasonable process by which to confer a degree to an incarcerated individual who is still incarcerated and who completes the requirements for a degree as part of the pilot program.

DOC must coordinate with MHEC to develop a hybrid virtual and in-person learning environment in the division's statewide system.

Funding: The fiscal 2025 and 2026 budgets each include \$363,000 for the program. The fiscal 2027 budget as introduced does not include any funding for the program. Funding must be provided to MHEC for the costs associated with program administration, including a designated employee who is responsible for the administration of the pilot program, grants made to participating institutions (institutions must collectively aim to enroll 40 incarcerated individuals to be divided among the institutions to qualify for an allocation of funds), and stipends for student mentors. Additionally, funding must be provided to DOC within DPSCS to cover costs associated with program administration, including a designated employee.

Reporting: Each program participant must agree to provide the assigned institution of postsecondary education and nonprofit organization with regular updates for two years

regarding employment, future postsecondary enrollments, and any licensure or certification.

Each president (or other governing entity) of each participating institution must submit a report to MHEC on the number of enrolled incarcerated individuals in the current academic year on or before December 15 each year from 2022 through 2026. On the basis of this data, MHEC must prorate funding to each participating postsecondary institution based on the number of participating incarcerated individuals.

By July 1, 2024, and July 1, 2028, MHEC – in consultation with DOC – must submit an interim report and a final report, respectively, to the Governor and the General Assembly on the progress of the program. These reports must include program participant information on (1) courses enrolled in; (2) post-confinement employment; (3) post-confinement continuing education; and (4) post-confinement certification or licensure.

Department of Public Safety and Correctional Services Postsecondary Educational Programs

According to the [Correctional Education Council's 2025 annual report](#), five institutions of higher education have collaborative partnerships with DPSCS facilities to provide postsecondary education “behind the fence”. The report estimates that the partnership with Goucher College enrolls about 130 students every year, University of Baltimore admits 10 to 25 students per year, Georgetown University admits 25 students each year, and Bowie State University admits 15 students each year. The report also notes a partnership with Wor-Wic Community College that ended programming in May 2025.

Tuition Waivers

Maryland law establishes several tuition waiver and exemption programs at public institutions of higher education for specific groups of individuals. For example, the following waiver programs are established in statute; this list is not exhaustive and does not include out-of-state tuition waivers.

Foster care recipients and unaccompanied homeless youth are exempt from paying any tuition at a public institution of higher education if they enroll as a candidate for a vocational certificate, an associate's degree, or a bachelor's degree before reaching 25 years of age. To qualify, the individual must have filed for federal and State financial aid. The exemption continues for 10 years after they first enroll or until they are awarded a bachelor's degree, whichever occurs first.

Any Maryland resident who is 60 or older, retired (with their chief income derived from retirement benefits), and not employed full time is eligible for a tuition waiver for

scheduled courses. At USM institutions, MSU, and St. Mary's College of Maryland, senior citizens may receive waivers for up to three courses per term for credit or noncredit courses, provided space is available and the total enrollment of waived senior citizens does not exceed 2% of the institution's undergraduate full-time equivalent enrollment. Community colleges must also waive tuition for senior citizens for classes eligible for State support, provided course space is available.

Community colleges are required to waive tuition for any Maryland resident who is out of the workforce by reason of a total and permanent disability. The waiver covers up to 6 credits per semester (or up to 12 credits for courses leading to employment) or continuing education instruction designed to lead to employment. To qualify, the student must provide certification of their disability and benefit receipt from the Social Security Administration or another applicable retirement/pension authority, and they must apply for federal and State financial aid, which is credited to their tuition first.

Each governing board of a public four-year institution must develop a policy for the waiver of tuition (and optionally, room and board) for faculty and employees of public institutions of higher education and their children. Additionally, full-time classified employees of a community college are exempt from tuition for any class taken during nonworking hours that has at least 10 regularly enrolled students.

State Fiscal Effect: Higher education tuition revenues decrease beginning in fiscal 2027 due to the creation of an incarcerated individual tuition exemption. Higher education expenditures also increase due to additional enrollment, though the exact amount cannot be determined as it depends on the number of credits each recipient chooses to enroll in.

The total number of eligible students under the bill is unknown at this time; however, DPSCS advises that 9,386 of the 16,540 individuals currently incarcerated in State facilities have a high school diploma or GED and, thus, may pursue postsecondary education. As the bill applies to an individual who is actually or constructively detained or confined in a correctional facility, it is assumed that individuals incarcerated in local facilities in the State are also eligible for the exemption. The Bureau of Justice Statistics estimates, as of 2019, that an additional 12,160 individuals are under the supervision of local jails, 8,590 of whom are actively in custody of jail. Assuming a similar fraction of the population of local jails also hold a diploma or GED to the population in State facilities, an additional 4,875 individuals with a diploma or GED may be incarcerated in local facilities.

While the pool of individuals *potentially* eligible for the exemption is large, actual uptake of the exemption is unknown. Incarcerated individuals face meaningful barriers to full-time enrollment at institutions of higher education. However, uptake of online, part-time coursework, and certificate programs may be meaningful, especially if the tuition exemption obviates financial barriers for incarcerated individuals. Nevertheless, given the

nearly 200 incarcerated individuals already participating in DOC postsecondary education partner programs annually, the bill has a potential meaningful impact independent of the effect on additional enrollments. *For illustrative purposes only* providing exemptions to just the 200 individuals currently enrolled in DOC programs of higher education programs at State institutions would decrease higher education revenues by as much as \$2.2 million, based on average annual tuition and fees for full-time undergraduate residents at public four-year institutions. Actual revenue losses depend on how many students participate in postsecondary opportunities as a result of the bill, the level of aid they receive, and their choices related to institutions, programs, and number of courses.

The simple average of annual tuition and fees for full-time resident undergraduates at public four-year institutions for fall 2026 (fiscal 2027) pending final approval is \$11,192. The actual amount of the revenue decrease per full-time equivalent student (FTES) may be less depending on the number of credits attempted per recipient and the distribution of institutions that waiver recipients choose to attend. Tuition revenues may also decrease at Baltimore City Community College (BCCC), the only State-operated community college, by an estimated \$3,314 per FTES receiving a waiver based on fall 2024 (fiscal 2025) tuition and fee data.

Actual tuition revenue losses are likely offset, at least in part, by State and federal financial aid that incarcerated individuals are required to apply for to receive the tuition exemption. Through the Second Chance Pell Grant Program, a limited number of incarcerated individuals in Maryland already receive federal tuition aid to attend a limited number of institutions of higher education. Other incarcerated individuals are eligible through the regular Pell Grant following the federal changes to the program in 2023. Additionally, incarcerated individuals are broadly eligible for State programs of student financial assistance, though some scholarship or other assistance programs' requirements for in-person attendance or full-time enrollment, among others, may limit the applicability of State support programs for the types of courses and certificates incarcerated individuals may choose to pursue.

According to MHEC, the agency requires one full-time higher education specialist to standardize tuition-exemption forms, monitor and audit exemptions, and support interagency coordination. The bill, however, does not designate MHEC as the central authority for administering or tracking exemption requirements. As a result, responsibility for managing tuition exemptions rests with institutions of higher education themselves. Expenditures, therefore, increase at institutions of higher education to create and track tuition exemptions. Even so, this analysis assumes MHEC can provide a coordinating role using existing resources.

To the extent the bill encourages additional incarcerated individuals to apply for and receive State student financial aid, State expenditures may increase. However, many State student financial aid programs are competitive programs subject to funding as provided in

the State budget. Additional applicants to State scholarship programs, therefore, do not necessarily meaningfully increase State expenditures as individuals can be added to the waitlist for most scholarships with no additional costs to the extent existing funding is insufficient. Criteria for one of the State's largest entitlement scholarships, the Guaranteed Access Grant (for which additional qualifying applicants would necessarily increase State expenditures), include enrolling as a full-time student within six years of completing high school absent extenuating circumstances and being younger than age 26 at the time of receiving the first award. Given the likely relatively smaller demand for full-time study among incarcerated individuals, the overall effect on State expenditures for student financial assistance is likely minimal.

Local Fiscal Effect: Tuition revenues at locally operated community colleges decrease beginning in fiscal 2027. As discussed above, the impact may be meaningful for an individual college but cannot be reliably quantified. The average annual tuition and fees for full-time in-county students at the community colleges (excluding BCCC) for fall 2024 (fiscal 2025) is \$5,004. The actual amount of the revenue decrease per FTES may be less depending on the number of credits attempted per student and the distribution of institutions waiver recipients choose to attend and may vary each year.

Additional Comments: This analysis is unable to account for any effect on the provision or availability of courses to incarcerated individuals as a result of the inability for institutions to fully recoup their costs.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City Community College; Department of Public Safety and Correctional Services; Maryland Higher Education Commission; Morgan State University; University System of Maryland; Maryland Municipal League; Baltimore, Carroll, Harford, and St. Mary's counties; Town of Bel Air; Bureau of Justice Statistics; U.S. Department of Education; Department of Legislative Services

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